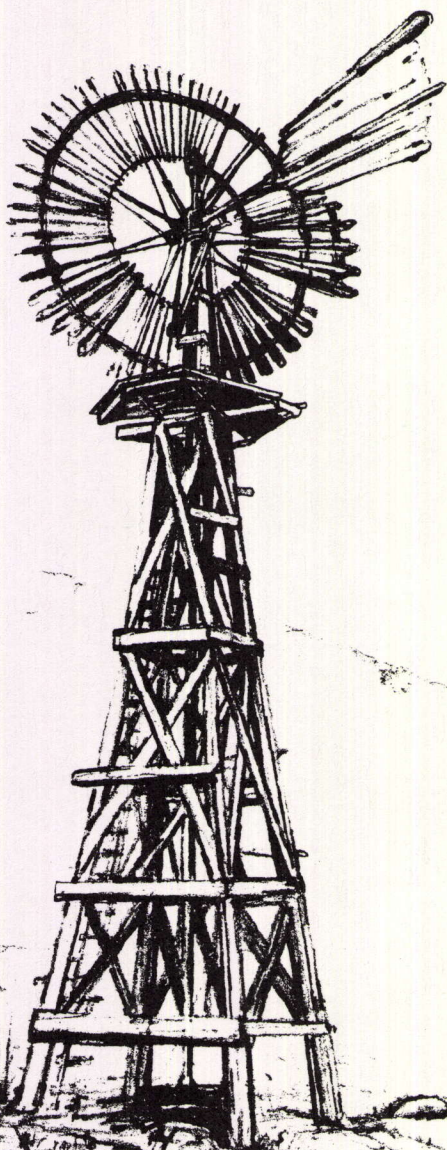


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UTELITE CORPORATION

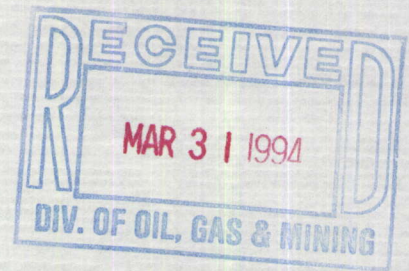
FINANCIAL STATEMENT

DECEMBER 31, 1993

Lynn M. Carlson & Co.

CERTIFIED PUBLIC ACCOUNTANTS

175 SOUTH MAIN STREET
SUITE 250
SALT LAKE CITY, UTAH 84111
TELEPHONE (801) 531-1317



UTELITE CORPORATION

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Lynn M. Carlson & Co.

CERTIFIED PUBLIC ACCOUNTANTS

175 SOUTH MAIN STREET
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FAX (801) 521-9041

CORRESPONDENCE TO
P.O. BOX 3690
SALT LAKE CITY, UTAH
84110-3690

To the Board of Directors
Utelite Corporation
Coalville, Utah 84017

We have reviewed the accompanying statement of assets and liabilities—income tax basis of **Utelite Corporation** (an S corporation) as of December 31, 1993, and the related statements of revenues and expenses—income tax basis, retained earnings—income tax basis and cash flows—income tax basis for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the owners of **Utelite Corporation**.

The financial statements have been prepared on the accounting basis used by the Company for federal income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the income tax basis of accounting, as described in Note 1.



LYNN M. CARLSON & CO.

March 31, 1994

UTELITE CORPORATION
STATEMENT OF ASSETS, LIABILITIES & EQUITY--INCOME TAX BASIS
December 31, 1993

ASSETS

CURRENT ASSETS

Cash	\$ 319,120.21
Trade Accounts Receivable	544,533.01
Employee Accounts Receivable	107.76
Material Inventory	188,991.06
Notes Receivable--Current	6,977.64
Notes Receivable Shareholders--Current	<u>7,000.00</u>

TOTAL CURRENT ASSETS **1,066,729.68**

PROPERTY AND EQUIPMENT

Land	318,486.49
Buildings, Structures & Land Improvements	314,979.15
Plant Machinery & Equipment	2,220,655.43
Pollution Control Equipment	235,854.11
Machinery	555,656.82
Autos, Trucks, Trailers	67,198.56
Office Equipment	52,309.76
Less Accumulated Depreciation	<u>(2,909,109.43)</u>
	856,030.89

OTHER ASSETS

Notes Receivable--LT	15,917.61
Notes Receivable Shareholders--LT	155,229.04
Assets in Progress	<u>481,344.22</u>
	652,490.87
	<u>\$ 2,575,251.44</u>

See accountant's report and notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY**CURRENT LIABILITIES**

Accounts Payable	\$ 148,314.67
Accrued Payroll Taxes	12,717.63
Notes Payable--Current	<u>9,840.09</u>

TOTAL CURRENT LIABILITIES 170,872.39

LONG TERM LIABILITIES

Notes Payable--LT	<u>12,576.62</u>
	12,576.62

183,449.01

STOCKHOLDERS' EQUITY

Common Stock, Par Value \$1.00	164,758.00
500,000 Shares Authorized	
164,758 Shares Issued, of which	
49,690 are held in Treasury	
Premium on Capital Stock	225,613.70
Treasury Stock	(49,690.00)
Retained Earnings	<u>2,051,120.73</u>
	<u>2,391,802.43</u>
	<u>\$ 2,575,251.44</u>

See accountant's report and notes to financial statements.

UTELITE CORPORATION**STATEMENT OF REVENUE AND EXPENSES--INCOME TAX BASIS**

For the year ended December 31, 1993

SALES**\$ 4,043,009.46****COST OF SALES**

Inventory Adjustment & Purchases	157,167.59
Direct Labor	647,354.36
Plant Power & Utilities	95,182.19
Kiln Fuel	352,732.43
Delivery Expense	1,361,128.44
Small Tools	9,447.37
Supplies	27,702.87
Repairs & Maintenance	252,758.41
Fuel & Oil	53,603.89
Raw Material Royalties	17,052.87
Lab & Testing	<u>1,915.31</u>
	<u>2,976,045.73</u>

GROSS PROFIT**1,066,963.73****EXPENSES**

Marketing & Promotions	22,363.07
Employee Benefits	105,668.06
Payroll Taxes	76,741.14
Advertising	4,851.18
Travel & Sales	15,513.62
Insurance	13,609.88
Telephone	15,116.01
Legal & Professional	50,074.77
Office Supplies & Postage	15,043.59
Taxes & Licenses	58,992.46
Auto Allowance & Expense	11,052.95
Miscellaneous & Bank Charges	9,172.01
Bad Debts	6,188.18
Dues & Subscriptions	11,174.29
Training	2,034.58
Depreciation	215,857.81
Rents & Leases	13,361.00
Air Pollution Control	8,630.00
MSHA	458.00
ESCSI	10,738.83
Depletion	<u>75,267.04</u>
	<u>741,908.47</u>

INCOME FROM OPERATIONS**325,055.26****OTHER INCOME (EXPENSE)**

Interest & Dividend Income	19,445.91
Gain or (Loss) on Sale of Assets	(245.73)
Interest Expense	<u>3,319.43</u>
	<u>15,880.75</u>

NET INCOME**\$ 340,936.01**

See accountant's report and notes to financial statements.

UTELITE CORPORATION
STATEMENT OF CASH FLOWS--INCOME TAX BASIS
For the year ended December 31, 1993

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 4,099,790.29
Interest and dividends received	19,445.91
Other operating receipts	12,398.51
Cash paid to suppliers and employees	(3,206,441.10)
Interest paid	(3,319.30)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	921,874.31
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CASH FLOWS FROM INVESTING ACTIVITIES:

Cash payments for the purchase of property	(442,392.16)
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(442,392.16)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Net borrowings on line of credit	22,417.04
Dividends paid	(323,432.32)

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(301,015.28)
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NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	178,466.87
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CASH AND EQUIVALENTS, BEGINNING OF YEAR	140,653.34
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 319,120.21
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See accountant's report and notes to financial statements.

UTELITE CORPORATION
STATEMENT OF CASH FLOWS--INCOME TAX BASIS
For the year ended December 31, 1993

RECONCILIATION OF NET INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Net Income	\$ 340,936.01
<hr/>	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	291,125.96
(Gain) loss on disposal of property	1,744.24
(Increase) decrease in accounts receivable	62,968.83
(Increase) decrease in inventories	114,268.36
(Increase) decrease in other assets	10,899.00
Increase (decrease) in accounts payable	99,931.91
<hr/>	
Total adjustments	580,938.30
<hr/>	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 921,874.31
<hr/>	

See accountant's report and notes to financial statements.

UTELITE CORPORATION
STATEMENT OF RETAINED EARNINGS--INCOME TAX BASIS
For the year ended December 31, 1993

ACCUMULATED ADJUSTMENTS ACCOUNT

Balance, January 1, 1993	\$ 1,137,457.49
Taxable Income	340,936.01
Distributions	<u>(323,432.02)</u>
Balance, December 31, 1993	1,154,961.48

PREVIOUSLY TAXED INCOME

Balance, January 1, 1993	22,407.87
Distributions in Excess of the Accumulated Adjustments Account	<u></u>
Balance, December 31, 1993	22,407.87

OTHER RETAINED EARNINGS

Balance, January 1, 1993	798,484.34
Additions to Allowance for % Depletion	<u>75,267.04</u>
Balance, December 31, 1993	<u>873,751.38</u>

TOTAL RETAINED EARNINGS, DECEMBER 31, 1993	<u><u>\$ 2,051,120.73</u></u>
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See accountant's report and notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Basis of Accounting

The Company's policy is to prepare its financial statements on the income tax basis of accounting; consequently, the Company recognizes depletion expense as the greater of cost depletion or statutory depletion. Under generally accepted accounting principles, only cost depletion is acceptable.

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the stockholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income.

Allowance for Doubtful Accounts

No reserve for bad debt has been established by the Company. Historically, uncollectible accounts receivable have not been significant enough to warrant establishing a reserve. Bad debts are written off as it becomes evident that they are uncollectible; any recoveries are included in income when received.

Inventories

Inventories are valued at the lower of cost or market under the first-in, first-out, (FIFO) method. Cost is determined using the Internal Revenue Code's guidelines with respect to uniform capitalization of inventory.

Depreciation

Property, plant and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets using the accelerated cost recovery system and the modified accelerated cost recovery system required by the Internal Revenue Code.

Cash

For purposes of the statement of cash flows, the Company includes only cash on deposit and similar demand deposits that are not subject to withdrawal restrictions or material penalties as cash and cash equivalents.

NOTE 2--PROFIT SHARING PLAN

The company maintains a profit sharing plan for its employees. Contributions to the plan are based on eleven cents (\$.11) per yard of product sold in the quarters that the Company is profitable, an additional \$.0225 per yard of product sold and \$.0225 per yard of product produced are contributed to the profit sharing plan regardless of whether the company is profitable or not.

Profit sharing contributions expensed as an employee benefit in these financial statements are \$21,646.34.

The company also provides a fringe benefit cafeteria plan for its employees.

NOTE 3--NOTES PAYABLE

Notes payable at December 31, 1993 are as follows:

A note payable due the LDS Church, incurred January 13, 1993 as a result of the purchase of land. The note has a three-year term, annual payments of \$12,743.20 each and bears an interest rate of 9%. The note is secured by the land purchased.

1993

\$22,416.71

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NOTE 4--CONTINGENT LIABILITIES

Two years ago a lawsuit was brought against Summit County and Summit County Planning Commission for improperly issuing a permit to the Company allowing them to build a rail loading facility in a certain location. In 1994, the Company was named as a defendant in that lawsuit. The Plaintiffs seek to force the Company to relocate their rail loading facility.

Although no assurances can be given as to the outcome, the Company believes that it has meritorious defenses to such lawsuit. The Company does not believe that the outcome of such proceeding will have a material adverse effect on its financial position.